

Iowa Senate News Release

For immediate release: June 14, 2011

Senator Joe Bolkcom: 319-330-9541

Opening Statement by Senate Ways and Means Chair Joe Bolkcom

“Property taxes are crucial to providing the services Iowans expect. Police, fire, roads, libraries, local schools, a significant chunk of mental health services and more are all funded by local property taxes.

“It has long been clear to any serious person that Iowa’s current property tax system asks too much from commercial property taxpayers. Commercial property taxpayers are the only class of property taxpayers that pay taxes based on 100% of the assessed value of their property while residential taxpayers pay taxes on only about half of the assessed value of their home.

“This disproportionate burden hurts economic growth. It especially hurts small businesses, Iowa’s job creators and the heart of many of our communities.

“That’s why Senate Democrats developed a commercial property tax cut that put Main Street ahead of Wall Street. When fully implemented, 83% of Iowa commercial property taxpayers will see their taxes cut by 45%. Let me repeat that: 83% of Iowa commercial property taxpayers will see their taxes cut by 45%.

“On the other hand, despite spending almost twice as much, the House Republican proposal provides only a 25% cut to each commercial property taxpayer. Under the Republican plan, a relatively small number of large out-of-state corporations receive millions that should go instead to Iowa small businesses. Why, for example, are Republicans insisting on giving Wal-Mart a state tax break worth almost \$4.5 million? Will Wal-Mart even notice? Will that corporate welfare create even one job in Iowa?

“The Senate Democratic commercial property tax cut is fully funded with a \$200 million annual appropriation. It is NOT a tax shift onto the backs of Iowa’s residential property taxpayers. The House Republican proposal costs an estimated \$394 million, yet the House provides only \$150 million in state replacement dollars. The \$244 million shortfall will land on Iowa homeowners. Some cities have already indicated local residential property taxes would increase by as much as 20 percent under the House plan.

“Senate File 522—the original Senate version of property tax reform—passed the Iowa Senate by an overwhelmingly bipartisan vote of 46-4. The House proposal has nothing like this sort of deep and broad support.

“Any competing proposal has to be AT LEAST as good as the Senate Democratic proposal, which can be summed up in these three key points:

1. 83% of all commercial property taxpayers get a 45% cut in their property taxes.
2. NO shift of costs onto the backs of residential property taxpayers.
3. NO impact on local schools and services.

“The House Republican plan fails on all three points. In fact, some have described the Republican plan as a job killer in Iowa’s smaller towns and as the largest residential property increase in the state’s history!

“Finally, property tax reform is no place for people looking for a quick fix.

“Get it wrong and you risk unintended consequences that could wreak havoc on Iowans. I’ve already mentioned the big residential property tax hikes that will result from the House Republican plan. Another risk is that communities may default on their bonds. Other communities will have to shut down their economic development efforts.

“That’s why we’ve organized this meeting today: To Listen. And to learn. I want to thank the presenters for coming and helping us understand what is at stake.”